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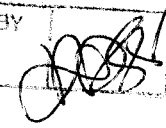
**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

GARY PIERCE, CHAIRMAN  
PAUL NEWMAN  
SANDRA D. KENNEDY  
BOB STUMP  
BRENDA BURNS

Arizona Corporation Commission  
**DOCKETED**

AUG 24 2011

DOCKETED BY 

IN THE MATTER OF THE APPLICATION  
OF ARIZONA PUBLIC SERVICE  
COMPANY FOR APPROVAL OF ITS 2012  
RENEWABLE ENERGY STANDARD  
IMPLEMENTATION PLAN AND  
REQUEST FOR RESET OF RENEWABLE  
ENERGY ADJUSTOR

Docket No. E-01345A-11-0264

**FIRST SOLAR'S PUBLIC  
COMMENTS RE APS'S 2012  
RENEWABLE ENERGY  
STANDARD IMPLEMENTATION  
PLAN**

By and through its counsel undersigned, First Solar Inc. ("First Solar") hereby  
submits public comments regarding Arizona Public Service Company's 2012 Renewable  
Energy Standard Implementation Plan filed on July 1, 2011. First Solar's comments are  
set forth in Attachment 1.

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1 RESPECTFULLY SUBMITTED this 24<sup>th</sup> day of August, 2011.

2 **MOYES SELLERS & HENDRICKS LTD**

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4   
5 Jay I. Moyes

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7 Original and 13 copies filed  
8 this 24<sup>th</sup> day of August, 2011 with:

9 Docket Control  
10 Arizona Corporation Commission  
11 1200 West Washington  
12 Phoenix, Arizona 85007

13 Copies mailed to all parties  
14 of record on February 25, 2011.  
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# **Attachment 1**



August 24, 2011

Utilities Division  
Arizona Corporation Commission  
1200 West Washington St.  
Phoenix, AZ 85007-2996

RE: 2012 APS REST Implementation Plan: Docket No. 11-0264

Dear Chairman Pierce and Members of the Commission:

First Solar appreciates the opportunity to submit comments on the Arizona Public Service ("APS") 2011-2015 Renewable Energy Standard Implementation Plan ("APS Plan") filed with the Arizona Corporation Commission ("Commission") on July 1, 2011.

As the world's leading manufacturer of thin film photovoltaic ("PV") solar modules, First Solar's primary corporate mission is to power the future with clean, affordable, sustainable energy. To date, 4 GW of First Solar modules have been deployed globally in a variety of applications ranging from rooftop installations to the world's largest operating PV installation at 80 MW, located in Ontario, Canada.

While its enterprises have a global reach, First Solar also has a special relationship with the State of Arizona. Among other things:

- First Solar's worldwide corporate headquarters are located in Tempe, Arizona where 250 First Solar associates are officed.
- First Solar is currently constructing the largest PV solar project in the world, the Agua Caliente Solar Project, in Yuma County, Arizona. This development currently employs approximately 450 workers from Yuma County or other counties within Arizona, representing over 80% of the construction workforce. The project is well underway, with 15 MW of the 290 MW facility already installed and 175 MW forecasted to be installed by December 2011 when the interconnection facilities will be energized. Sited on the former White Wing Ranch near Dateland, the siting and environmental review of this project was completed by the Commission, and unanimously approved, with a decision recorded on October 8, 2009.



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- 600 Arizonans, bringing family wages and other economic benefits to the area.
- First Solar also executed a contract with APS on February 11, 2011 for the development and construction of the 17 MW Paloma project in Gila Bend, Arizona. The project resulted from a solicitation by APS under the AZ Sun program. The successful synergy of the APS AZ Sun program and the Gila Bend Solar Field Overlay Zone ("SFOZ") ordinance have combined to facilitate permitting, construction and completion of this PV project at a breathtaking pace of under a year from contract execution to commercial operation. There are currently 366 construction workers employed as a result of the Paloma Solar Project, with 315 of those from the State of Arizona.

For these reasons, First Solar has a unique interest in the implementation of renewable energy policy by the Commission, the development of a sustained and durable market for PV energy products in the State of Arizona, and, in particular, the outcome of the APS RES Compliance Plan.

As demonstrated by the development of First Solar portfolio and other utility scale, central station solar generating projects in Arizona, Arizona has both the physical and regulatory attributes to attract and grow solar development and related businesses.

First Solar supports the deployment of all economic solar technologies in various applications including central station and distributed applications. First Solar urges the Commission to promote increased utilization of PV solar in Arizona, in consideration of the following:

- First Solar PV technology is commercially proven, with 4 GW of First Solar modules currently installed and producing clean, affordable energy worldwide;
- First Solar PV technology uses no water during operations, and, is therefore well-suited to arid operating environments;
- First Solar PV technology is fully scalable, and, as demonstrated by the Agua Caliente and Gila Bend developments, can be customized and deployed in applications ranging from under 20 MW to projects of several hundred MW.



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- First Solar's commitment to achieving a steadily decreasing levelized cost of energy ("LCOE"), has resulted in First Solar driving the production cost of its modules from \$3.00/watt in 2004 to \$0.75/watt today.

First Solar encourages the Commission to adopt a plan for APS that increases the utility-owned generation ("UOG") component of APS' renewable energy procurement over the next five years. Historically, APS has relied primarily on power purchase agreements to secure its RES compliance. As demonstrated by the Paloma project, which will be completed this year, the AZ Sun program has been a very effective means of effectuating cost effective and rapid deployment of PV solar in Arizona. Continuing and expanding this program as part of the APS Plan to achieve its 2015 goals is an essential tool for expanding Arizona's deployment of indigenous solar power.

Furthermore, continued commitment by APS and the Commission to UOG installations under the AZ Sun program will provide significant ongoing benefits to Arizona ratepayers, including, but not limited to:

- Efficient Procurement Process.
  - By offering pre-selected sites as part of the AZ Sun program, APS eliminated uncertainty and expenditures associated with gaining site control by multiple developers. The review process to screen and understand 50-100 responses to a PPA RFP that draws proposals located all over the state of Arizona can be challenging and time consuming.
  - By prescreening site locations, APS is able to eliminate uncertainty regarding transmission availability and overall desirability of the project within the APS transmission system, thereby, in effect, reducing significant site selection risk and associated interconnection costs for UOG projects. The AZ Sun program also eliminates the cost of its transmission planning group studying many projects across the state as the interconnection queue gets overwhelmed with applications in preparation for bids for PPAs.



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- **Transaction Certainty.**
  - APS' analysis and screening of sites under the AZ Sun program eliminates many of the pitfalls associated with development, including encumbered real estate rights, environmental issues, and the inability to secure financing. Many PPAs have required renegotiation when developers encountered unanticipated challenges during the development phase and sought price or terms modifications to their PPAs. APS site selection and financing provides much more certainty that
  - the project will be completed in a timely, predictable manner.
  - Increased transaction certainty also reduces the need for "over-procurement" in anticipation of unsuccessful projects. Over-procurement results in increased transaction costs for APS, which ultimately are borne by ratepayers.
- **Project Finance.** An equity purchase by APS eliminates project finance risk in its entirety. If developers must bring financing, they must either add risk premiums to their bids as they make financing and tax assumptions two to three years in advance of construction, or they may not be able to perform when they ultimately face the realities of the debt and equity markets, including the ability of equity owners to fully utilize federal tax credits. The AZ Sun program eliminates these uncertainties; and APS' financial strength provides financing certainty as well as full utilization of federal tax incentives.
- **Full Life-of-Asset Value for Ratepayers.** In a third party power purchase arrangement, APS' ratepayers effectively pay the full price for the generating facility via the power purchase agreement, but do not control the asset at the end of the contract term. In contrast, in a UOG transaction, rate paying customers pay for the asset but also realize benefit from the full useful life of the asset.

Finally, the AZ Sun Program with APS ownership has ensured that APS and its customers receive competitive, on-time and guaranteed energy deliveries. The cost savings of the UOG program are directly passed onto Arizona ratepayers.



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For all of these reasons, First Solar respectfully requests that the Commission approve an RES Compliance Plan for APS that includes the additional 100 MW of the AZ Sun Program and maximizes the UOG component of the Plan in order to continue to build a sustainable, certain and financeable path for deployment of PV technology in Arizona.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "James B. Woodruff".

James B. Woodruff  
Vice President, State & Local Government Affairs

JBW: pp